APPENDIX.

Act of June 25, 1910, Chap. 423, 36 Stat., 851.

"An Act to Provide Additional Protection for Owners of Patents of the United States, and for Other Purposes.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that whenever an invention described in and covered by a patent of the United States shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the Court of Claims: *Provided, however*, that said Court of Claims shall not entertain a suit or reward (*sic*) compensation under the provisions of this act where the claim for compensation is based on the use by the United States of any article heretofore owned, leased, used by, or in the possession of the United States: *Provided further*, that in any such suit the United States may avail itself of any and all defenses, general or special, which might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise: *And provided further*, that the benefits of this act shall not inure to any patentee, who, when he makes such claim is in the employment or service of the Government of the United States; or the assignee of any such patentee; nor shall this act apply to any device discovered or invented by such employe during the time of his employment or service."

Act of June 25, 1910, c. 423, 36 Stat., 851, Amended July 1, 1918, c. 114, 40 Stat.

"Whenever an invention described in and covered by a patent of the United States shall hereafter be used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, such owner's remedy shall be by suit against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture: *Provided, however*, That said Court of Claims shall not entertain a suit or award compensation under the provisions of this act where the claim for compensation is based on the use or manufacture by or for the United States of any article heretofore owned, leased, used by, or in the possession of the United States: *Provided further*, That in any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise: *And provided further*, That the benefits of this act shall not inure to any patentee who, when he makes such claim, is in the employment or service of the Government of the United States or the assignee of any such patentee; nor shall this act apply to any device discovered or invented by such employee during the time of his employment or service."

United States Revised Statutes, Section 3477.

"All transfers and assignments made of any claim upon the United States, or of any part or share thereof, or interest therein, whether absolute or conditional, and whatever may be the consideration therefor, and all powers of attorney, orders, or other authorities for

receiving payment of any such claim, or of any part or share thereof, shall be absolutely null and void, unless they are freely made and executed in the presence of at least two attesting witnesses, after the allowance of such a claim, the ascertainment of the amount due, and the issuing of a warrant for the payment thereof. Such transfers, assignments, and powers of attorney, must recite the warrant of payment, and must be acknowledged by the person making them, before an officer having authority to take acknowledgements of deeds, and shall be certified by the officer; and it must appear by the certificate that the officer, at the time of the acknowledgement, read and fully explained the transfer, assignment, or warrant of attorney to the person acknowledging the same."

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Supreme Court of the United States,

OCTOBER TERM, 1927.

No. 99.

RICHMOND SCREW ANCHOR CO., INC.,
Petitioner-Plaintiff,

vs.

THE UNITED STATES,
Respondent-Defendant.

ON WRIT OF CERTIORARI TO THE COURT OF CLAIMS.

BRIEF FOR PETITIONER.

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Supreme Court of the United States.

OCTOBER TERM, 1927.

No. 99.

RICHMOND SCREW ANCHOR CO., INC.,
Petitioner-Plaintiff,

vs.

THE UNITED STATES,
Respondent-Defendant.

On Writ of Certiorari to the Court of Claims.

BRIEF FOR PETITIONER.

The grounds of jurisdiction are these:

1. The date of the judgment to be reviewed was May 3, 1926 (R. 25).

2. The judgment was rendered by the Court of Claims in a suit brought under U. S. C. Title 35, Sec. 68 (Act of June 25, 1910, amended July 1, 1918, c. 114, 40 Stat. 705; U. S. Comp. Stat. Sec. 9465) for infringement of Letters Patent and the Petition was dismissed by that court on the ground of failure of plaintiff's title under U. S. C. Title 31, Sec. 203 (May 27, 1908, c. 206, 35 Stat. 411; U. S. R. S. Sec. 3477; U. S. Comp. Stat. Sec. 6383).

3. The statute under which jurisdiction is invoked is U. S. C. Title 28, Sec. 347 (Act of Feb. 13, 1925, c. 229, § 1, 43 Stat. 938, amending Sec. 240(*a*) of the Judicial Code; Mar. 3, 1911, c. 231, § 240, 36 Stat. 1157; U. S. Comp. Stat. Sec. 1217). The Petition for Writ of Certiorari and Brief in support thereof were filed and served on July 30, 1926, and the order granting the Petition was filed October 25, 1926.

4. The cases believed to sustain the jurisdiction are those arising under the patent laws such as

Beidler v. *United States*, 253 U. S. 447;
Bliss v. *United States*, 253 U. S. 187.

Statement of the Case.

This is a suit for infringement by the United States of Letters Patent No. 1,228,120 to Melchior Lenke, May 29, 1917, for Cargo Beam and is brought under U. S. C. Title 35, Sec. 68 (Act of June 25, 1910, amended July 1, 1918, c. 114, 40 Stat. 705; U. C. Comp. Stat. Sec. 9465), and the true intent and meaning of that Act is involved and the meaning and application of U. S. C. Title 31, Sec. 203 (May 27, 1908, c. 206, 35 Stat. 411; U. S. R. S. Sec. 3477; U. S. Comp. Stat. Sec. 6383), declaring transfers and assignments of claims upon the United States absolutely null and void, and also the application of U. S. C. Title 35, Sec. 47 (Mar. 3, 1897, c. 391, § 5, 29 Stat. 692; Feb. 18, 1922, c. 58, § 6, 42 Stat. 391; U. S. R. S. Sec. 4898; U. S. Comp. Stat. Sec. 9444).

In an Appendix at the end of this brief will be found these statutes and also the Act of June 25, 1910, and as it was amended by the Act of July 1, 1918 (*infra*, p. 42).

The patent issued on May 29, 1917 to Melchior Lenke for a structure constituting a cargo beam and its support. The Court of Claims found the patent valid and infringed.

The inventive idea was to so construct the horizontal cargo beam that when loaded it would swing about a horizontal axis and into the resultant plane of the load stresses whereby its metal is 100% efficient in all positions. This saved 2000 pounds of metal per beam. The Court of Claims found the market price of the metal as 6½ cents per pound. This comes to $130 per beam and $105,300 for 810 beams—but owing to a smaller saving in a few cases $103,480 was found by the Court of Claims to be the total saving.

On January 1, 1919, 810 of the patented structures were manufactured for and delivered to the United States by contractors and were thereafter and have been since that time used by the United States.

On September 29, 1920, Lenke assigned the Letters Patent to Thomas E. Chappell, and on March 7, 1921, said

Chappell in turn assigned the Letters Patent to the Petitioner, together with the right to recover for all past infringements.

The Court of Claims held that the only infringement by the United States occurred at the time of the installation (January 1, 1919) and not afterward, and that, as Petitioner was not owner of the patent then but a subsequent assignee, Petitioner's title, under U. S. R. S. 3477 and *Brothers* v. *United States*, 250 U. S. 88, failed, and it dismissed the Petition.

Our contentions are:

1. That it was error to dismiss the Petition—

(*a*) Because of the *use* of 810 of the patented structures *by the United States after March 7, 1921*, when Petitioner acquired title to the patent; for the Act of 1918 did not give the United States a license to use after the manufacture and delivery of the 810 infringing cargo beams to it by the contractors on January 1, 1919, and so that use by the United States after March 7, 1921, was an infringement of the patent, and that use, in and of itself and without more, supports the Petition and entitles Petitioner to a money recovery under the findings of fact made by the Court of Claims; and further

(*b*) Because of the *manufacture* of 810 of the patented structures *by the contractors for the United States on January 1, 1919*; for that manufacture and sale was an infringement of the patent by the contractors, the right to recover for which was assignable under the patent statutes as an incident of the assignment of the patent, and by the Act of 1918 responsibility for the reasonable and entire compensation for that infringement by the contractors was placed upon and assumed by the United States (which presumably would include the incident of the assignability of the claim) and was made recoverable in the Court of Claims from the United States; and that infringement by the contractors, in and

of itself and without more, supports the Petition and entitles Petitioner to a money recovery under the findings of fact made by the Court of Claims; and further

(c) Because more generally U. S. R. S. 3477 is not applicable to any branch of the claim against the United States for infringement prior to March 7, 1921, either as a joint tort feasor with the contractors in the manufacture for it of the 810 infringing cargo beams, on January 1, 1919, or as the user of those 810 cargo beams from January 1, 1919, to March 7, 1921; for the assignability of those branches of the claim is determined by the patent statutes, U. S. R. S. 4898, as an incident of the assignability of the patent itself, and to that extent and in that respect U. S. R. S. 3477 is inapplicable and without effect on Petitioner's title.

II. That under the findings of fact made by the Court of Claims the Lenke patent in suit No. 1,228,120 for Cargo Beam, May 29, 1917, is valid and was infringed by the making and selling and using of the 810 cargo beams referred to.

III. That under the findings of fact made by the Court of Claims, the Petitioner is entitled to recover from the United States:

(a) the capital saving realized by the adoption of the 810 patented cargo beams as compared with the best available cargo beams of the prior art, namely, $103,480, and

(b) interest on that capital sum year by year from January 1, 1919, to date of final decree.

ARGUMENT.

I. It was error for the Court of Claims to dismiss the Petition.

A. Because of the use of the patented structure made by the United States after Petitioner's ownership of the patent began.

B. Because of the assignability under the law of the claim of the then owner of the patent against the contractors for compensation for the manufacture of the patented structures by them for the United States on January 1, 1919, and the substitution of the United States for the contractors by the Act of 1918 in liability for the reasonable and entire compensation for that infringement, and

C. Because of the non-applicability of U. S. R. S. 3477 under the circumstances of the case at bar to any part of the present claim against the United States and the applicability of U. S. R. S. 4898 to every part of that claim.

POINT A.

"Use by" the United States after March 7, 1921, when Petitioner's ownership of the patent began was in itself an infringement of the patent and without more supports the Petition and entitles the Petitioner to recovery under the findings of fact made by the Court of Claims.

The Court of Claims said in its second opinion, after analyzing the nature of the invention (R. 23):

> "Therefore, when the intended design of the patentee is accomplished, when use of the patent device occurs, it must necessarily be when the beam is installed."

This was clear error, *unless the Act of 1918 gave a license to the United States to use* from the date of the installation on to the end of the term of the patent.

For it treats the invention and the claims of the patent as if they were for a method or process of constructing a cargo beam, whereas they are for the finished cargo beam structure itself. The sole right of installing (*i. e.*, of manufacturing and selling) finished cargo beam structures is only a part of the monopoly granted by the patent. That monopoly includes also the sole right to use the installed cargo beam structures throughout the term of the patent.

Use of the patented structure by the United States after Petitioner's ownership of the patent began invaded the monopoly of the patent and trespassed upon the Petitioner's rights thereunder and for this trespass suit clearly lies in the Court of Claims under the Act of 1918, unless something in that Act licensed that use under the circumstances of the present case.

Counsel for the United States argued the theory of license to the Court of Claims and the Court of Claims in dismissing the Petition apparently must have assumed that theory.

But this Court has held that under the similar Act of 1910 there did not arise a license in favor of the United States to use patent rights. This holding was made in *Crump* v. *International Co.*, 246 U. S. 28, and was applied in *Marconi Wireless Tel. Co.* v. *Simon*, 246 U. S. 46.

Prior to those decisions the district courts and circuit courts of appeals (*e. g.*, in *Marconi Wireless Tel. Co.* v. *Simon*, 227 Fed. 906, and 231 Fed. 1021, and in other cases) had considered the Act of 1910 in connection with the decision of this Court in *Crozier* v. *Fried, Krupp, Aktiengesellschaft*, 224 U. S. 290, and the district court as was said by the Supreme Court in the *Marconi* case had held that from such consideration "it resulted that there existed in favor of the United States a general license to use patent rights when necessary for its governmental purposes," and thereafter the Circuit Court of Appeals for the Second Circuit affirmed this decision "upon the theory of the license resulting from the Act of 1910 in accordance with the views which had been expressed by the trial court."

But this Court has repudiated this view of the Act of 1910 as stated.

Is the Act of 1918 any different in this regard from the Act of 1910? We believe that it is not.

The Act of 1918 differs from the Act of 1910 in the following more important particulars:

1. It extends the scope of the act from inventions "used by the United States without license of the owner" of the patent, to inventions "used or manufactured by or for the United States without license of the owner."

2. It changes the optional remedy (the "owner may recover"), to an apparently exclusive remedy (the "owner's remedy shall be").

3. It changes the recovery from "reasonable compensation for such use," to "reasonable and entire compensation for such use and manufacture."

There is nothing, we submit, in these differences, or in any of them, to justify the Court of Claims in construing the Act of 1918 on a theory of license that was rejected by this Court in construing the Act of 1910.

This Court said in *Sperry* v. *Arma Engineering Co.*, 271 U. S. 232, as to the Act of 1918 that

> "The true intent and meaning of the statute is not free from doubt;"

but certainly there is nothing in that Act of 1918 which shows any clear purpose to change the Act of 1910 in the matter of general license to use patent rights for governmental purposes that is under discussion.

If in the case at bar the United States had by agreement obtained a license under the patent from the original owner, or if the original owner had sued and obtained a judgment in the Court of Claims for reasonable compensation for the installation and use of the invention throughout the life of the patent and the judgment had been satisfied, the petitioner might not have had any claim for the use by the United States after March 7, 1921. But nothing of this kind having

occurred, each day's use of the invention after March 7, 1921, was a new and additional tort for which the United States is liable directly to the Petitioner for compensation, under the Act of 1918 and this the Court of Claims should have recognized and because of it alone should have upheld the Petition.

Brief for the United States in opposition to the Petition for Writ of Certiorari herein said (p. 9) that there is no use of the invention proven by the United States during the period of Petitioner's ownership of the patent.

This is error.

The Court of Claims (R. 12 and 13) found as a fact

"VIII.

"During and since the year 1918 cargo beams of the kind and character illustrated and described in the drawings and specifications of the said Lenke letters patent and claimed in the claims of said letters patent have been in use by the United States at its army base at Brooklyn, N. Y., without * * * etc."

The above was among the findings of fact that were entered June 4, 1923. "During and since the year 1918 cargo beams * * * have been in use by the United States * * *" means in use at least up to June 4, 1923, the date of the finding.

And again (R. 12):

"Since the patenting and introduction of the cargo beam of the said Lenke letters patent said cargo beam has come largely into use, and in new construction and installation of cargo beams it has largely supplanted all other kinds or types of cargo beams."

And again (R. 21):

"I.

"The United States installed on or before January 1, 1919, 810 cargo beams covered by the Lenke patent, as follows:

Army Base, South Brooklyn	366
Army Base, Norfolk, Va	256
Navy Base, Charleston, S. C	88
Army Base, New Orleans, La	100".

And again (R. 21):

"IV.

* * * * * *

"The United States installed the Lenke beams by contract with third parties. The beams were installed for the exclusive use of the United States. * * * They were used by the United States for Government purposes. * * *"

POINT B.

Manufacture of the patented structure by the contractors for the United States on January 1, 1919, prior to Petitioner's ownership of the patent, was an infringement of the patent by the contractors, the right to recover for which was assignable along with the ownership of the patent under U. S. R. S. 4898, and the right to recover from the United States the reasonable and entire compensation for that infringement by the contractors was given to the then owner of the patent by the Act of 1918 and this was assignable along with the ownership of the patent and as an incident of that ownership under U. S. R. S. 4898 and in spite of U. S. R. S. 3477, and without more supports the Petition and entitles Petitioner to a recovery under the findings of fact made by the Court of Claims.

The Court of Claims found (R. 12):

"VI.

"On or about September 29, 1920, the said Lenke letters patent were assigned by Lenke to one Thomas E. Chappell who, in turn, on or about March 7, 1921, assigned them to the plaintiff company.

"Each of said assignments of said letters patent contained a provision that the assignee should have 'all rights of action for past infringement of said patent, and all rights to recoveries for damages, profits and royalties for said infringements of every kind whatsoever.'"

Petitioner thus having such an interest in the patent as, without the Act of 1918, would have supported an infringement suit by it against the contractors for manufacturing

the 810 infringing cargo beams for the United States, has under the Act of 1918, upon the reasoning and implications of the decision of this Court in *E. W. Bliss Co.* v. *United States*, 253 U. S. 187, under the similar Act of 1910, such an interest as supports its Petition against the United States for the reasonable and entire compensation for that infringement of the contractors.

In *E. W. Bliss Co.* v. *United States* (*supra*), this Court held that the title of the plaintiff there was "a mere license, not sufficient to sustain a suit for infringement", saying:

> "Giving to this statute, as we do, the liberal interpretation placed upon it in Crozier v. Krupp Aktiengesellschaft, 224 U. S. 290, 56 L. Ed. 771, 32 Sup. Ct. Rep. 488, and in William Cramp & Sons Ship & Engine Bldg. Co. v. International Curtis Marine Turbine Co., 246 U. S. 28, 62 L. Ed. 560, 38 Sup. Ct. Rep. 271, the 'owner' who may maintain an infringement suit against the government must have at least such an interest in the patent as, without the statute, would support such a suit against a defendant other than the United States."

A natural and reasonable corollary of this would be, that if the interest in the patent were sufficient, without the statute in question (the Act of 1910), to support a suit against a defendant other than the United States, it would under the statute support a suit in the Court of Claims against the United States, and by parity of reasoning applied to the corresponding Act of 1918 if the interest in the patent was sufficient without that Act to support a suit against the contractors manufacturing for the United States, it will support a suit under that Act of 1918 in the Court of Claims against the United States for the reasonable and entire compensation for the infringement of the contractors.

Again on the reasoning of this Court in *Standard Oil Co.* v. *United States*, 267 U. S. 76, it may apparently be assumed that by the Act of 1918 the United States assented to the assignability of such a claim as Petitioner here presents for compensation for the infringing acts of the contractors as an ordinary incident of the ownership of the patent and of its assignability under U. S. R. S. 4898. In *Standard Oil Co.* v.

United States (*supra*) the United States had under an Act of September 2, 1914, issued a policy of marine insurance and some question arising as to the allowance of interest, this Court said:

> "When the United States went into the insurance business, issued policies in familiar form, and provided that, in case of disagreement, it might be sued, it must be assumed to have accepted the ordinary incidents of suits in such business."

The Act of 1918 clearly includes compensation, and the "reasonable and entire compensation", for the manufacture of the 810 infringing cargo beams by the contractors for the United States because that is explicitly included in the terms of the Act, and the assignability of the claim against the contractors for that compensation was an incident of that sort of a claim against an individual and the United States when it went into the business of protecting contractors manufacturing for it must be assumed to have accepted that sort of an incident.

Again this Court in *Sperry Gyroscope Co.* v. *Arma Co.*, 271 U. S. 232, has held that the district courts have jurisdiction to determine, as a question going to the merits, in a suit against a contractor, whether he "was relieved of liability and permitted by the statute [Act of 1918] to do what otherwise would have constituted a violation" of the rights of the owner of the patent.

To construe the Act of 1918 as relieving the contractors from all liability to the then owner of the patent *or to his assignee* and substituting therefor a liability of the United States to the then owner of the patent only and (under U. S. R. S. 3477) *not to his assignee*, would appear to be taking private property for public use without due process of law or just compensation, and certainly would not give the owner of the patent an *additional remedy* as the Act of 1918 purports to do, but *a substantially curtailed remedy*. It is certainly not clear that the Act of 1918 intended this curtailment of remedy. A construction of the Act of 1918 in this regard which preserves all the rights of the owner of the pat-

ent, rather than substantially curtails those rights and remedies, is clearly indicated and is enforced by familiar canons of construction.

Petitioner's claim, insofar as it is based upon manufacture by contractors for the United States, is essentially a *claim against the contractors* with all the legal incidents of such a claim, including assignability in connection with assignment of the patent, and it would not seem to have been the intention of Congress by the Act of 1918 to change such a claim in its essential character. By that Act of 1918, Congress provided that, in the case of infringing "manufacture for" the United States, the "owner's remedy shall be by suit against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such * * * manufacture."

It was said by this Court in another but analogous connection in *Miller* v. *Robertson*, 266 U. S. 243, 257:

> "While the suit, as held in Banco Mexicano De Comercio e Industria v. Deutsche Bank, 263 U. S. 591, 602, 68 L. ed. 465, 469, (affirming 53 App. D. C. 266, 289 Fed. 924), is one against the United States, the claim was not against it".

So here, while, insofar as concerns the contractors' infringing acts, the suit is, by virtue of the Act of 1918, one against the United States, the claim was not against it. The claim was against the contractors and its incident of assignability was established by U. S. R. S. 4898 and by the decisions of this Court thereunder. The Act of 1918 changed the defendant and the forum but, we submit, it did not change the nature or the incidents of the claim.

In view of the explicit terms of the Act of 1918, counsel for the United States will hardly argue or admit that the assignment to Petitioner, insofar as concerns liability for the infringing acts of the contractors in manufacturing for the United States, is void under U. S. R. S. 3477 as against the United States but good under U. S. R. S. 4898 as against the contractors themselves, and therefore that there still remains today in Petitioner, as assignee of the patentee, the right to

collect from the contractors themselves individually all the gains, savings and profits realized in their infringing manufacture for, and infringing sale to, the United States, and all the damage caused to the patentee thereby; and yet this is the logical result, and the necessary legal consequence, of the decision of the Court of Claims in dismissing the Petition, else property has been taken for public use without due process of law and without just compensation.

Brief for the United States in opposition to the petition for writ of certiorari admitted (p. 10) in discussing the claim against the United States for the infringement by the contractors that the theory of implied repeal of U. S. R. S. 3477 by the Act of 1918 "is rather unusual" and without citing authorities on that question argued that such implied repeal is neither indicated nor necessary to carry out the legislative intent (p. 11).

On the contrary, the history of the Act of 1918 shows clearly, we submit, the legislative intent absolutely to relieve the contractor from all liability of every kind and nature and from all apprehension of liability and to do this by substituting the liability of the United States for the reasonable and entire compensation for such manufacture by the contractor without curtailment of any kind and without leaving to possible future assignees of the owner good and valid claims against the contractor. The theory that Congress intended to protect the contractor against the then owner of the patent but not against any subsequent assignee of the owner's claim against the contractor is not persuasive or reasonable.

The Act of 1918 grew out of the decision of this Court rendered March 4, 1918, in *William Cramp & Sons Ship & Engine Bldg. Co. v. International Curtis Marine Turbine Co.*, 246 U. S. 28. This Court had held in that case that the Act of 1910 did not license the United States or the contractors to infringe a patent and that the contractors could be sued for an injunction and accounting in spite of that Act.

On April 20th, 1918, Franklin D. Roosevelt, Acting Secretary of the Navy, the country being then at war, wrote Secre-

tor Tillman (as appears in the case of *Wood* v. *Atlantic Co.*, 296 Fed. 718, 729) that the Department is

> "'confronted with a difficult situation as the result of a recent decision by the Supreme Court affecting the government's rights as to the manufacture and use of patented inventions, and it seems necessary that amendment be made of the Act of June 25, 1910 * * * the decision is, in effect, so far as it is of importance here, that a contractor for the manufacture of a patented article for the government is not exempt, unless he is only a contributory infringer, from injunction and other interference through litigation by the patentee.
>
> "'A prior decision of the Supreme Court, that in the case of Crozier *vs.* Krupp, had been interpreted as having the opposite meaning, and the department was able up to the time of the later decision, on March 4 last, to proceed satisfactorily with the procuring of such patented articles as it needed, leaving the matter of compensation to patentees for adjustment by direct agreement, or, if necessary, by resort to the Court of Claims under the above mentioned act of 1910. Now, however, manufacturers are exposed to expensive litigation, involving the possibilities of prohibitive injunction payment of royalties, rendering of accounts, and payment of punitive damages, and they are reluctant to take contracts that may bring such severe consequences. The situation promises serious disadvantage to the public interests, and in order that vital activities of this department may not be restricted unduly at this time, and also with a view of enabling dissatisfied patentees to obtain just and adequate compensation in all cases conformably to the declared purpose of said act, I have the honor to request that the act be amended by the insertion of a proper provision therefor in the pending naval appropriation bill."

It was in response to this war time request of the Navy Department that the Act of 1918, amending the Act of 1910, was adopted.

A similar statement of the reasons for the amendment of the Act of 1910 and the immediate urgency of the matter in order to relieve the apprehension of private contractors was made in the House of Representatives by the member having the bill in charge (see *Wood* v. *Atlantic Co.*, 296 Fed. 721, and

Congressional Record, 65th Congress, Second Session, Proceedings of June 18, 1918, p. 7961).

It could not be made clearer that the very purpose of the Act of 1918 was absolutely to relieve the contractor from all liability of every kind and nature for infringement of patents in manufacturing for the Government and to limit the owner of the patent and his assignees and all claiming through or under him to "suit against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture" and to utterly and entirely relieve the contractor from liability to anybody at any time of any kind for his infringement.

To argue that Congress had U. S. R. S. 3477 in mind and intended by the Act of 1918 to protect the contractor only from the then "owner" of the patent and not from the assignee of that owner as to the claim against the contractor, is not reasonable.

Whether or not there was a contractor we submit that the construction which the Respondent seeks to place upon the Act of 1918 would thwart the policy of the Act and defeat the intention of Congress. Manifestly,

(1) The owner of the patent has the right to assign it.

(2) The Act of 1918 does not constitute the United States a licensee.

(3) Hence, the owner of the patent may recover for an infringing use by the United States.

(4) The continued unlicensed use by the United States, after the original owner has assigned the patent, is an infringement of the patent right for which the United States, not being a licensee, is liable and the assignee of the patent may bring suit to enforce that liability.

It follows that if the original owner cannot assign, with the patent, the claim for past infringement, that is, if the assignment of such a claim is to be deemed void, and if the original owner prior to the assignment had not brought suit against the United States, the United States after the assign-

ment would be subject to two actions,—one by the former owner for infringement up to the time of the assignment and another by the assignee for infringement after the assignment.

This is not the intent of the Act of 1918 which provides for recovery by the owner "of his reasonable and entire compensation for such use and manufacture". How can one reconcile the domination of U. S. R. S. 3477 over the Act of 1918 with the intention of Congress as made manifest both by the history and by the terms of that Act? The only way to give effect to the policy of the Act of 1918 is to hold that the owner at the time of suit against the United States is entitled to recover the entire compensation for the infringing use and manufacture and that this right by force of the statutes is incident to the patent right and assignable with the patent.

Reasoning along constitutional lines leads to the same conclusion.

On May 29, 1917 the patent in suit was granted to Lenke and vested in him certain rights among which were:

(1) The exclusive right to use his patented cargo boom for seventeen years.

(2) The right to sue and recover from all infringers including a contractor building for the United States and, under the Act of 1910, the United States itself.

(3) The right to freely assign his said letters patent, as to the Petitioner, together with his right to sue and recover for all past infringements.

On July 1, 1918, while this patent was in full force and effect, the Act of 1918 was passed, relieving the contractor from all liability for infringement by manufacturing for the United States and placing upon the United States liability for the entire compensation for such infringement to the contractor. If the complete liability of the United States is the same in all respects as that of the contractor would have been, the grant is not impaired and the transfer of the patent under U. S. R. S. 4898 together with all rights of

action for past infringements transfers the right of action against the United States for the infringement of the contractor and vests it in the new owner. The new owner cannot object to this as he loses nothing, for while there is a change of forum for enforcing the right and a change in the responsible defendant, there is no substantial change in the right itself or in the incidents of the right. If this liability of the United States under the Act of 1918 was by operation of U. S. R. S. 3477 reduced to nothing when the assignment of the patent and of the claims for past infringements was made, then the property rights of the owner of the Lemke patent in suit were impaired by the Act of 1918 and private property was taken for public use without just compensation, contrary to the fifth amendment to the Constitution of the United States.

When this Court can construe an act (as for example the Act of 1918) in either of two ways, one of which makes it constitutional and the other unconstitutional, it will construe the act so as to make it constitutional. This Court said:

> "Acts of Congress are to be construed and applied in harmony with and not to thwart the purpose of the Constitution"

in *Phelps v. United States*, U. S. Adv. Ops., June 1, 1927, page 676. When the Act of 1918 is so construed, all the causes of action which were vested in Lemke, became, by the assignment of March 7, 1921, vested in Petitioner.

Referring to the language of the Act of 1918, there is one class of assignees of patentees that is excluded from the benefits of the statute in explicit terms.

The Act of 1918 says:

> "* * * *And Provided further*, That the benefits of this act shall not inure to any patentee who, when he makes such claim, is in the employment or service of the Government of the United States or the assignee of any such patentee. * * *"

Why exclude from the benefits of the Act the assignee of any patentee who at the time he makes the claim for past

infringement by the United States is in the employment or service of the Government of the United States, if all assignees are excluded by U. S. R. S. 3477? The explicit exclusion of a certain class of assignees would seem to imply the inclusion of all other classes.

Again referring to the language of the Act, the defenses which by its express terms the United States is permitted to avail itself of are stated and they do not include U. S. R. S. 3477. The language of the Act in that regard is:

> "* * * *Provided further*, That in any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise."

POINT C.

U. S. R. S. 3477 is not applicable to any branch of the claim against the United States for infringement prior to March 7, 1921, either as a joint tort feasor with the contractors in the manufacture for the United States and the sale to it of the 810 infringing cargo beams, on Jan. 1, 1919, or as the user of those 810 cargo beams from Jan. 1, 1919 to March 7, 1921; for the assignability of that branch of the claim is determined by the patent statutes, U. S. R. S. 4898, as an incident of the assignability of the patent itself, and to that extent and in that respect U. S. R. S. 3477 is inapplicable and without effect on any part of Petitioner's title.

The Court of Claims in the instant case cited the decision of this Court in *Brothers* v. *United States*, 258 U. S. 88, to the contrary of the above proposition and dismissed the petition on the basis of that decision (R. 24, 22).

The so-called decision in *Brothers* v. *United States* was an *obiter dictum* of Mr. Justice Pitney and we respectfully submit that it was error and we ask reconsideration.

In *Brothers* v. *United States*, decided May 19, 1919, the petition of Brothers was dismissed on the ground that there had been no infringement whatever of the patent and therefore the question of the extent and amount of the claim and the period that it could properly cover if there had been infringement, did not arise. Mr. Justice Pitney merely said in the course of the statement as to the facts in the case

> "Subsequently the letters patent were assigned to claimant, under date October 2, 1912, two and one-half months prior to their expiration by limitation on December 17, 1912. His claim to compensation is necessarily limited to this brief period, since there could be no assignment to him of any unliquidated claim against the government arising prior to the time he became the owner of the patent. Rev. Stat. § 3477, Comp. Stat. 1916, § 6383."

The opinion in that case fills several pages of the report and deals only with the issue of infringement.

We assume therefore that the Court will regard as an original question the meaning of the statutes U. S. R. S. 3477 and 4898 and the Act of 1918 in the particulars now raises and controverted, following its well established practice as in *United States* v. *Corbett*, 215 U. S. 233; *Grigsby* v. *Russell*, 222 U. S. 149; *Barnes* v. *Alexander*, 232 U. S. 117; *Mast Foos & Co.* v. *Stover*, 177 U. S. 485.

We submit that the assignability of a patent and of a claim for profits and damages for past infringements of the patent, whether by the United States or by others, is governed by U. S. R. S. 4898 of the Patent Statutes, and that when the United States is sued in the Court of Claims under the Act of 1918, the assignee of the patentee and of the right to sue and recover for past infringements of the patent, including infringements by the United States and by contractors manufacturing for the United States, may sue in the Court of Claims under that Act of 1918 both for the present infringement and for the past infringements, irrespective of U. S. R. S. 3477.

The Acts of 1910 and 1918 are remedial and should be liberally construed to secure the results desired by Congress.

See *Logan* v. *Davis*, 233 U. S. 613, where this Court said:

> "Further, it must be borne in mind that this is a remedial statute, and is to be construed liberally, and so as to effectuate the purpose of Congress and secure the relief which was designed * * *".

U. S. R. S. 3477 condemning as "absolutely null and void all transfers and assignments made of any claim upon the United States" refers, we submit, to claims in the nature of a chose in action at common law, and that an assignment of Letters Patent together with all claims for profits and damages for past infringements, including past infringements by the United States and others, is not a transfer or an assignment of anything in the nature of a chose in action at common law and so is not within the purview and meaning of U. S. R. S. 3477.

This Court said in *Crown Die & Tool Co.* v. *Nye Tool & Machine Works*, 261 U. S. 24:

> "It is said that the claim of an owner of a patent for damages for infringements is only a chose in action, which, in modern days, may be so assigned that the assignee acquires full title and the right to sue at law as well as in equity, without joining his assignor. *This view ignores the peculiar character of patent property and the recognized rules for the transfer of its ownership and its incidents.* Patent property is the creature of statute law, *and its incidents are equally so*, and depend upon the construction to be given to the statutes creating it and them, in view of the policy of Congress in their enactment." (Italics ours.)

It is to be noted here that the claim of an owner of a patent for damages for past infringements is referred to as one of the "*incidents*" of patent property.

This Court continued:

> "This is shown by the opinion of this court in Waterman v. McKenzie, 138 U. S. 252, 34 L. ed. 923, 11 Sup. Ct. Rep. 334, already cited, and in the line of authorities followed therein. *It is not safe, therefore, in dealing with a transfer of rights under the patent law, to follow implicitly the rules governing a transfer of rights in a chose in action at common law.*" (Italics ours.)

and then quoted from Chief Justice Taney in *Gayler* v. *Wilder*, 10 How. 477, 494:

> "The monopoly did not exist at common law, and the rights, therefore, which may be exercised under it cannot be regulated by the rules of the common law. * * *"

and from *Robinson on Patents*, Vol. 3, p. 122, § 937, as "clearly and correctly" stating the law as to who should bring a suit at law for damages for infringement of a patent:

> "With a single exception the plaintiff in an action at law must be the person or persons in whom the legal title to the patent resided at the time of the infringement. * * * The exception above referred to arises where an assignment of a patent is coupled with an assignment of a right of action for past infringements. In this case the present owner of the monopoly may institute proceedings for its violation during the ownership of his assignor as well as for infringements committed since the transfer of the title to himself."

This Court later quoted with manifest approval from the decision of Mr. Justice Blatchford in *Gordon* v. *Anthony*, 16 Blatch. 234:

> "A claim to recover profits or damages for past infringement cannot be severed from the title by assignment or grant, so as to give a right of action for such claim, in disregard of the statute. The profits or damages for infringement cannot be sued for except on the basis of title as patentee, or as such assignee or grantee, to the whole or a part of the patent, and not on the basis merely of the assignment of a right to a claim for profits and damages, severed from such title."

Later this Court said:

> "The sole exception to the rule that only he who is the owner of the patent at the time of the infringement can sue for damages, to which Professor Robinson refers, is when such owner assigns the patent, and also the claim for past infringements, to the same person. In such a case, as the title and ownership of the claims are united, it is held that the owner may sue. Dibble v. Augur, 7 Blatchf. 86, Fed. Cas. No. 3,879; Hamilton v. Rollins, 5 Dill. 495, Fed. Cas. No. 5,988; Henry v. Francestown Soapstone Stove Co., 2 Bann. & Ard. 221,

Fed. Cas. No. 6,382; Consolidated Oil Well Packer Co. v. Eaton, C. & B. Co., 12 Fed. 865, 870; Spring v. Domestic Sewing Mach. Co., 13 Fed. 446, 449; Nellis v. Pennock Mfg. Co., 38 Fed. 379. Under this exception, therefore, if the instrument here relied on had been effective to make the plaintiff an assignee or grantee of the patent or 'of any interest therein' within the meaning of § 4898, Rev. Stat. (Comp. Stat. § 9444, 7 Fed. Stat. Anno. 2d ed. p. 249), as amended, then the plaintiff could have maintained this action for damages for infringements prior to the execution of the instrument; but, as we hold, the instrument did not have this effect.

But it is urged that, under Equity Rule 37, every action must be prosecuted in the name of the real party in interest; and, therefore, as the plaintiff is the beneficial owner of the claims for past infringements, it should be permitted to sue in a court of equity. The equity rule was not intended to set aside a policy and rule having its source in the patent statutes, and cannot affect this case. * * * Both at law and in equity, either the owner of the patent at the time of the past infringement, or the subsequent owner of the patent, who is, at the same time, the assignee of the claims for past infringement, must be a party to a suit for damages for the past infringement. If the owner of the patent when the infringements took place has assigned his patent to one, and his claims for damages for infringements to another, then the latter cannot sue at law at all, but must compel his assignor of the claims to sue for him."

On the authority and reasoning of the above decision of this Court in *Crown Dye & Tool Co. v. Nye Tool & Machine Works* (*supra*), we submit that patent property is peculiar property not governed by the common law but wholly the creature of statute law and that the assignability of patent property is likewise the creature of statute law and as well the assignability of its incidents and of any interest in the patent; and we submit further that a claim of an owner of a patent for damages for past infringements including such a claim for infringement by the United States is an incident of the ownership of the patent and is an interest in the patent that is assignable under the patent statutes.

U. S. R. S. 4898 says in part:

> "Every patent or any interest therein shall be assignable in law by an instrument in writing. * * *."

We submit that this expressly includes a claim for past infringements of the United States when the assignment thereof is united with an assignment of the ownership of the patent itself and that this is an explicit exception to U. S. R. S. 3477 that is grafted on the law by the explicit and specific provisions of U. S. R. S. 4898.

Where a specific section of a law is in apparent conflict with a general section, the two should be considered and the context considered and the probable legislative intent, but presumably the specific should prevail over the general.

Townsend v. *Little*, 109 U. S. 504, 512;

Washington v. *Miller*, 235 U. S. 422, 428.

U. S. R. S. 4898 is specific in its relation to patents and interests in patents and incidents of the ownership thereof, while U. S. R. S. 3477 is entirely general; and Sec. 4898 should therefore govern as to claims for past infringements by the United States.

It is a fair construction of U. S. R. S. 3477 that it was not intended to apply and does not apply to patents and to interests in patents and to incidents of the ownership thereof such as claims for past infringements by the United States. We submit that the reasons for the passage by Congress of U. S. R. S. 3477 do not apply to the case of an assignment of a patent together with all claims for past infringements of it including a claim for past infringements by the United States.

There would appear to be no public interests that would suffer if U. S. R. S. 3477 were held inapplicable to the title of Petitioner where as an incident to the assignment of the patent there is an assignment also of all claims for past infringements of the patent and the United States chances to have been an infringer; nor would there appear to be any

public policy involved in so construing and limiting U. S. R. S. 3477, but quite the reverse, particularly in view of U. S. R. S. 4898, and further in view of the Acts of 1910 and 1918 wherein it is provided that the claim in question can be asserted only in the Court of Claims and the interests of the United States and of the public generally are thereby conserved and safeguarded.

We submit that quite irrespective of continuing infringing use by the United States after Petitioner's ownership of the patent began, and quite irrespective of the putting upon the United States by the Act of 1918 of all liability for the infringing acts of the contractors, the title of Petitioner should not be regarded as in any respect subject to U. S. R. S. 3477 but should be held good and sufficient in all its parts; and that it was error for the Court of Claims to dismiss the petition.

II. Under the findings of fact made by the Court of Claims the Lenke Patent in suit No. 1,228,120 for Cargo Beams, May 29, 1917, is valid, and is infringed by the making and selling and using of the 810 cargo beams made for and used by the United States, as described in the record, and was an epoch-making invention which largely supplanted all prior art cargo beams in new construction.

The Court of Claims in its findings of fact entered June 4, 1923, found (R. 11-13):

"V.

"Prior to the granting and issuing of the said Lenke letters patent No. 1,228,120 the type of cargo beam generally in use was a rigid beam, rigidly supported by and between two rigid uprights at or near the entrance to

the sheds or buildings on the piers, for receiving and storing cargo from or for cargo-carrying vessels.

"Since the patenting and introduction of the cargo beam of the said Lenke letters patent said cargo beam has come largely into use, and in new construction and installation of cargo beams it has largely supplanted all other kinds or types of cargo beams."

* * * * * * *

"VIII.

"During and since the year 1918 cargo beams of the kind and character illustrated and described in the drawings and specifications of the said Lenke letters patent, and claimed in the claims of said letters patent, have been in use by the United States at its Army base at Brooklyn, N. Y., without, so far as appears from the record, any authorization by or compensation to the plaintiff or other owner of said letters patent for such use."

And as a conclusion of law held (R. 13):

"Conclusion of Law.

"Upon the foregoing findings of fact the court decides, as a conclusion of law, that the plaintiff is entitled to recover.

"The case is remanded to the general docket with leave to either party to take testimony in conformity with the opinion herein."

The opinion (R. 13-19) discusses the issues of validity (including both novelty and invention) and infringement and particularly discusses the defendant's contention that "Lenke's invention is unpatentable because it embodies nothing more than a natural and normal modification of existing ideas" (R.15).

The opinion says:

"The plaintiff's patent is obviously a combination patent, and in view of the prior art limited to the exact terms of the claims. It is, to say the most for it, quite narrow and, as the history of its course through the Patent Office clearly demonstrates, is limited to an improvement of an existing device in the manner and in connection with conjunctive elements set forth in the

specifications and claims. To this extent, and within this narrow compass, we believe the plaintiff is an inventor. While cargo beams are old, and their use extended, nevertheless the plaintiff did contribute in a novel way a means adaptable to function successfully and accomplish the end with less expense and prolong without doubt the life and efficiency of the device created over the old one. The plaintiff's swinging beam, the vital factor of a cargo beam mechanism, is admittedly an improvement over the old rigid beam and will without doubt retain its efficiency much longer and at a reduced expense to the owner.

"The defendant insists that 'Lenke's invention is unpatentable because it embodies nothing more than a natural and normal modification of existing ideas.' One may see now, after the fact, how decidedly advantageous and how easily the most ordinary person could have modified existing ideas. This is patent to the most casual observer, for Lenke's cargo beam has almost universally superseded the old one. The defendant used it and almost every pier in the country has installed it. If Lenke takes things old in the art and by the introduction of a substitute, an element known to function in a certain way under certain conditions, compels the old device with the substitute element to perform a like service under much more favorable conditions at a much less expense and for a much longer space of time, is he to be denied his claim to invention because anyone could easily have foreseen the result? No one did foresee it and the art itself is not exceedingly old. To those who use a cargo beam, or for the benefit of those who may desire to use one, Lenke's beam offers a solution of the problem at a minimum of cost with a maximum of efficiency. That it is an improvement over the existing device is more than apparent by its extensive use.

"What did Lenke invent? The defendant concedes that Lenke's patent is novel 'in the sense that there is nothing in the prior art exactly like it, * * * and it is useful in the sense that it will support hoisting tackle.' What Lenke was seeking to do was to support hoisting tackle. He observed the old cargo beam made up of two beams, spliced together, permanently attached to the upright posts, splendidly adapted to vertical stress. As

thus reinforced, the double beam would serve as a means toward the end. Lenke saw the possibility of discarding the heavy, expensive beam in the old device, and substituting for it a beam of lighter weight, so fixed in place as to swing into the angle of resistance, perform the identical function, and maintain during the operation the full, maximum tensile strength of the beam itself. It is true he improved an existing idea, but in so doing he brought into being a new, improved idea, never before suggesting itself to those skilled in the art, a swinging cargo beam. To this he addresses his claims, and to this extent we believe his idea possesses novelty. Because his patent is narrow and his contribution to the art limited is not sufficient to invalidate his claims. The Patent Office so construed his claims, and he was content with such a construction. Lenke devised a combination of elements not theretofore in the art, made no more pretentious claims, and is expressly limited thereto. * * * The case will be remanded to the general docket for further proceedings respecting the issue of damages. * * *"

Further proceedings were thereupon had in the general nature of accounting proceedings, and on Dec. 7, 1925, the Court of Claims filed additional findings of fact, conclusion of law and opinion and judgment (R. 20-25), setting aside the former judgment and dismissing the petition on the ground of failure of plaintiff's title under U. S. R. S. 3477.

However, the additional findings of fact (R. 21, 22) deal with the accounting questions and will be considered in our next chapter.

The issue of patentable invention, as we have pointed out, had been considered on the merits and determined in favor of Petitioner in a reasoned and persuasive opinion, and it has support in the record and ample support and is in accordance with the evidence.

III. Under the findings of fact made by the Court of Claims, the Petitioner is entitled to a substantial money recovery from the United States which shall cover and include the capital saving realized by the contractors and the United States by the adoption for use of the 810 patented cargo beams as compared with the best available cargo beams of the prior art, namely, $103,480, and interest on that sum from January 1, 1919.

The Court of Claims in its additional findings of fact entered Dec. 7, 1925 (R. 21-22) found:

"I

The United States installed on or before January 1, 1919, 810 cargo beams covered by the Lenke patent, as follows:

Army base, South Brooklyn	366
Army base, Norfolk, Va	256
Navy base, Charleston, S. C	88
Army base, New Orleans, La	100
Total	810

* * * * * * *

"The use of the Lenke cargo beam by the United States instead of the cargo beams theretofore installed and used resulted in a saving of 2,000 pounds of metal per beam. The market price per pound of the kind of metal employed in the construction of cargo beams was 6½ cents per pound, thus enabling the United States to save in the expense of installation the difference in weight between the old beams used and the Lenke beam, viz., the difference between 3,300 pounds and 1,300 pounds, or 2,000 pounds on each beam installed, amounting in the aggregate to $103,480.*"

* This looks like an error in multiplication as the amount appears to be $105,300 (i. e., 2000 × 6½ cents × 810). The discrepancy is due to the fact that the saving in 100 beams was only 1750 pounds each.

"The United States installed the Lenke beams by contract with third parties. The beams were installed for the exclusive use of the United States. None were sold or installed for profit, other than such as accrued to the United States by reason of the saving in cost of installation. The single advantage which the United States gained by the use of the beams was the saving in cost of the same and the convenience resulting from their novelty. They were used by the United States for Government purposes. There is no proof in the record as to any other saving or advantage to the United States."

The capital saving of $103,480 realized by the adoption for use of 810 Lenke patented cargo beams, over the same number of old cargo beams of the prior art, is a saving realized by and from acts of infringement of the patent in suit and is recoverable by the patentee under well-settled principles of accountings in patent cases established by this Court.

In *Mowry* v. *Whitney*, 14 Wall. 620, the Whitney patent for process of making railroad car wheels was held valid and infringed. The lower court awarded plaintiff the entire profits made by the defendant in the manufacture and sale of the car wheels. This Court, finding that similar car wheels could be made by other processes, refused to assent to the award under such circumstances of the entire profits and said (p. 651):

"The question to be determined in this case is: what advantage did the defendant derive from using the complainant's invention over what he had in using other processes then open to the public and adequate to enable him to obtain an equally beneficial result? The fruits of that advantage are his profits. They are all the benefits he derived from the existence of the Whitney invention. It is found that there were other processes by which the inherent strain caused by unequal cooling could be and was prevented, counteracting which strain was the sole object of the complainant's invention, and a car wheel could be prepared for similar service, valuable in the market, and salable at a price not less than was obtained for those which the defendant manufactured. The inquiry then is: what was the advantage in

> cost, in skill required, in convenience of operation, or marketability, in bringing car-wheels by Whitney's process from the condition in which they are when taken hot from the molds, to a perfected state, over bringing them to the same state by those other processes, and thus rendering them equally fit for the same service? That advantage is the measure of profits."

In *Tilghman* v. *Proctor*, 125 U. S. 136, the cases were elaborately considered and the rule was declared to be established that in equity the complainant is entitled to recover such gains and profits as have been made by the infringer by the unlawful use of the invention. (See *Coupe* vs. *Royer*, 155 U. S. 565). In illustrating the rule, this Court said in *Tilghman* v. *Proctor*, *supra*:

> "If, for example, the unauthorized use by the defendant of a patented process produced a definite saving in the cost of manufacture, he must account to the patentee for the amount so saved. This application or corollary of the general rule is as well established as the rule itself."

This Court then instanced the case of the Cawood Patent (94 U. S. 695) for an improvement in a machine for repairing the crushed and exfoliated ends of railroad iron, where the defendant saved money by the use of the patented machine over and above any other known method of repairing the crushed and exfoliated ends of the rails. The Court also cited *Mees* vs. *Conover*, 125 U. S. 144, marginal note, where the patent was for an improved machine for splitting kindling wood and where the defendant had saved money by the use of that machine. It instanced also *Elizabeth* v. *Pavement Co.*, 97 U. S. 126, 138, 139; *Root* v. *Railway Co.*, 105 U. S. 189, 202, 203, and *Thomson* v. *Wooster*, 114 U. S. 104; and then continued:

> "The general rule has been sometimes said to be based upon the theory that the infringer is converted into a trustee for the owner of the patent, as regards the profits made by the use of his invention. But, as has been recently declared by this court, upon an elaborate review of the cases in this country and in England, it is more strictly accurate to say that a court of equity, which has acquired, upon some equitable ground, juris-

diction of a suit for the infringement of a patent, will not send the plaintiff to a court of law to recover damages, but will itself administer full relief, by *awarding, as an equivalent or a substitute for legal damages, a compensation computed and measured by the same rule that courts of equity apply to the case of a trustee who has wrongfully used the trust property for his own advantage. Root* v. *Railway Co.*, 105 U. S. 189, 214, 215 [26:975, 984]." (Italics ours.)

A saving realized in the cost of manufacture of patented machines which have their sole advantage and utility in their subsequent use as machines (as with the cargo beams in issue) is as truly a saving due to the invention as would be a saving realized in that subsequent use (as in the case of the *Cawood Patent*, *supra*, and *Mevs* v. *Conover*, *supra*). But with this difference. A saving realized in the economy of use of patented machines varies with the extent of that use, whereas a saving realized in the economy of manufacture of patented machines varies only with the number of such machines manufactured and not at all with the extent or time of their use. Any use at any time in the latter case would be a utilizing, and a taking advantage of, the entire saving in cost of manufacture.

In the instant case, the use of the infringing cargo beams after Petitioner's ownership of the patent began (*i. e.*, after March 7, 1921) was a utilizing, and a taking advantage of, the entire capital saving realized in the reduced cost of those cargo beams as compared with any cargo beams in the prior art.

The Saving of $103,480 in the Original Cost of the 810 Infringing Cargo Beams.

We submit that if Petitioner is entitled to any recovery whatever it is entitled to the entire $103,480 saved in the cost of manufacture of the 810 infringing cargo beams and so in the end saved in the handling of cargoes by the use of those cargo beams.

I. If this Court holds that U. S. R. S. 3477 does not apply to any part of the case at bar, then Petitioner's right to re-

cover the entire capital saving of $103,480 is clear under the rule of the above authorities.

2. If this Court holds that U. S. R. S. 3477 applies to, and bars, all branches of the case excepting only the infringing use of the patented cargo beams by the United States after March 7, 1921, we still submit that Petitioner is entitled to recover the entire capital saving of $103,480 and for the reasons given briefly below.

The United States through the contractor installed on January 1, 1919, 810 of the patented cargo beams, not for the sake of the installation as such, but *for the sake of the subsequent use of those patented devices as cargo beams in the handling of cargo.* The saving of $103,480 was realized by the contractors as a saving in the cost of the metal in manufacturing those 810 cargo beams and was realized by the United States (if we are to assume that the contractors passed the saving on to it) *as a saving in the subsequent handling of cargo* by the use of those 810 cargo beams. So far as the United States is concerned, that sum measures a part of the advantage gained by the United States in the handling of cargoes after March 7, 1921, by the infringing cargo beams, as contrasted with the hypothetical handling of the same cargoes after March 7, 1921, by the use of old prior art cargo beams. That handling of cargoes by the infringing use of the patented cargo beams after March 7, 1921, was the usufruct of the entire tort, and a part of that usufruct was the saving that had been realized in the original cost of the cargo beams over an equal number of prior art cargo beams.

The length of time of use of the 810 infringing cargo beams in cargo handling is not a factor in the situation because 810 of the old prior art cargo beams could not have been used at all for the handling of cargo for any length of time long or short without the expenditure of $103,480 more than the same handling of cargo by the 810 infringing cargo beams required. Any use at all of the 810 infringing cargo beams required and presupposed and evidences the enjoy-

ment, and the utilization of, the entire original capital saving in question.

The handling of cargo by the 810 patented cargo beams after March 7, 1921, could not have existed or proceeded for a single day without an in-pocket saving of cash to the contractors, or an in Treasury saving of cash to the United States, of $103,480.

Moreover, Respondent's immunity, as sovereign, from injunction, makes it not unfair or unjust that it should be required to pay Petitioner, as part of the reasonable and entire compensation for its continuing infringement, by use after March 7, 1921, what that immunity was reasonably worth. If the Petitioner had the same right of injunction against the United States, as against any ordinary infringer, the United States would have been compelled to replace infringing beams with non-infringing ones at a cost greater than $103,480. It seems reasonable, therefore, that the Petitioner should recover this amount, as the value of the immunity from injunction.

3. If this Court holds that U. S. R. S. 3477 applies to the liability of the United States for its own infringements prior to March 7, 1921, but does not apply to its liability under the Act of 1918 for what the contractors' liability would have been but for the passage of that Act, then and in that case we also submit that the entire saving on the original installation of $103,480 is recoverable by Petitioner here for the following reasons:

(*a*) The infringing use made by the United States after March 7, 1921, meant a $103,480 in Treasury saving to United States, as heretofore pointed out.

(*b*) The saving of $103,480 made in the purchase of metal by the contractors for the original installation would, but for the Act of 1918, have been recoverable from the contractors both (1) as a saving directly made by them in manufactur-

ing for the United States or (2) as a saving ultimately enjoyed by the United States, the latter on the theory of the several liability of joint tort feasors. The contractors and the United States were joint tort feasors in the infringements constituted by the original installations.

The Court of Claims finds (R. 21):

> "The United States installed the Lenke beams by contract with third parties."

This was done with full knowledge of, and in defiance of, the patent in suit. See Court of Claims Finding VII (R. 12).

The United States thereby induced and procured, and contributed to, the contractors' infringing acts of installation of the 810 Lenke cargo beams. With respect to those acts of infringement by the contractors by manufacturing for the United States under contracts, the United States was a joint tort feasor with the contractors.

The law of several liability of joint tort feasors for the entire damage done by the tort and for the entire compensation recoverable from either or both joint tort feasors for the tort, is clear.

Said Mr. Justice Brown for this Court in *The Beaconsfield*, 158 U. S. 303:

> "A person who has suffered injury by the joint action of two or more wrongdoers, may have his remedy against all or either, subject, however, to the condition that satisfaction once obtained is a bar to any further proceeding. *Phoenix Ins. Co.* v. *The Atlas*, 93 U. S. 302, 315 [23: 863, 866]; *Lovejoy* v. *Murray*, 70 U. S. 3 Wall. 1 [18: 129]."

This was a libel in admiralty for damages for injuries resulting from the collision of two vessels, as was also *Phoenix Ins. Co.* vs. *The Atlas*, *supra*.

Lovejoy v. *Murray*, *supra*, was an action at law for the conversion of property.

See also *Sessions* v. *Johnson*, 95 U. S. 347, which was an action to recover proceeds given defendant for releasing mortgage of a bankrupt, and this Court said:

> "Where the injury is tortious, the remedy may be joint or several; but the rule in this country is that a

> judgment against one without satisfaction is no bar to an action against any one of the other wrong-doers." [Citing cases.]

See also *Atlantic & Pacific Ry. Co.* v. *Laird*, 164 U. S. 393, which was an action against the railway company for damages for personal injuries due to train wreck, and where Mr. Justice White, speaking for this Court, said that the trial court

> "was manifestly justified in holding that the right to recover was not founded upon the breach of a contract, but upon the neglect of a common-law duty. The action therefore was *ex delicto*, and the defendants, being joint tort feasors, might have been sued either separately or jointly at the election of the injured party, and, if, upon the trial, the proof warranted, a recovery might have been had against a single defendant. *Sessions* v. *Johnson*, 95 U. S. 347 [24:596]."

See also *Clay* v. *Waters*, 161 Fed. 815, which was an action to recover proceeds of a gift made to defraud creditors, and where the Circuit Court of Appeals for the Eighth Circuit said:

> "In these circumstances he [Clay] was properly held liable with Priscilla Boatright for the money which he aided her to secure and wrongfully appropriate to her own use. The accepted rule on this subject is that 'when several persons unite in an act which constitutes a wrong to another, intending at the time to commit it, or doing it under circumstances which fairly charge them with intending the consequences which follow,' they are all jointly liable for the wrong done, without regard to their individual participation in its accomplishment or their individual gain or profit resulting therefrom. They are joint tort feasors, and as such jointly and severally liable for the consequences of their wrongful act. 1 Cooley on Torts (3d Ed.) 223, and cases cited."

In the instant case if we for the moment disregard the Act of 1918, and assume the Act of 1910 as in full force and effect, there would be a liability of the contractors for $103,480.

This liability would be assignable under U. S. R. S. 4898 and an assignment of it (like the assignments at bar) would not be void under U. S. R. S. 3477.

What is the effect of the Act of 1918 on the assignments at bar in so far as they relate to this liability of the contractors?

Does that Act change the nature of that liability of the contractors so that it is no longer assignable under U. S. R. S. 4898?

The fair answer to these two questions would seem to be that the Act does not change the nature or the incidents of the contractors' liability, or impair the remedies of the owner of the claim and the incidents thereof under U. S. R. S. 4898, but the United States assumes the full liability, with all its incidents entirely unimpaired, to the end that those manufacturing for the United States may be free from all embarrassment of patent suits. This purpose is clear, as we have heretofore pointed out, both in the history of the origin of the Act and on the face of the Act itself, and in neither is there evidence or indication of any purpose to impair or curtail the rights of patent owners including the right of assignment under U. S. R. S. 4898.

It may be said here, as it was said in *Miller* v. *Robertson*, 266 U. S. 243, a case arising under the Trading with the Enemy Act:

> "While the suit * * * is one against the United States, the claim was not one against it".

We submit that this is the true meaning and effect of the Act of 1918, and if we are correct in this, it follows that the Petitioner's claim against the United States for $103,480 as the liability of the contractors assumed by the United States is good and valid.

The Court of Claims found that the contractors saved $103,480 by the infringement. That sum would have been recoverable from them by Petitioner but for the Act of 1918. Under that Act it is recoverable by Petitioner, we submit, from the United States.

IV. An additional sum, equal to interest on the capital saving of $103,480 from January 1, 1919, should be included in the award to Petitioner.

In connection with any award to Petitioner of the capital saving of $103,480 in the lessened cost of the original installation as compared with cargo beams of the prior art as the equivalent of or a substitute for legal damages, an additional sum should be awarded equal to interest at the legal rate at each of the respective places of infringement on that capital saving from the date of installation when the saving was made, January 1, 1919, to the date of entry of final decree herein.

That such an additional sum should be awarded seems supported by the analogy of the "just compensation" cases in this Court under the Fifth Amendment to the Constitution.

See *Phelps* v. *United States*, U. S. Adv. Ops., June 1, 1927, p. 694; *Miller* v. *Robertson*, 266 U. S. 243, 258; *Brooks-Scanlon Corp.* v. *United States*, 265 U. S. 106, 123; *United States* v. *Brown*, 263 U. S. 78; *Seaboard Air Line Ry. Co.* v. *United States*, 261 U. S. 299; *United States* v. *Benedict*, 261 U. S. 296.

As said in *Miller* v. *Robertson*, *supra*, after a review of many cases:

> "Compensation is a fundamental principle of damages, whether the action is in contract or in tort. Wicker v. Hoppock, 6 Wall. 94, 99, 18 L. ed. 752, 753. One who fails to perform his contract is justly bound to make good all damages that accrue naturally from the breach; and the other party is entitled to be put in as good a position pecuniarily as he would have been by performance of the contract. Curtis v. Innerarity, 6 How. 146, 154, 12 L. ed. 380, 383. One who has had the use of money owing to another justly may be required to pay interest from the time the payment should have been made. Both in law and in equity, interest is al-

lowed on money due. Spalding v. Mason, 161 U. S. 375, 396, 40 L. ed. 738, 746, 16 Sup. Ct. Rep. 592. Generally, interest is not allowed upon unliquidated damages. Mowry v. Whitney, 14 Wall. 620, 653, 20 L. ed. 860, 866. But when necessary, in order to arrive at fair compensation, the court, in the exercise of a sound discretion, may include interest or its equivalent as an element of damages. See Bernhard v. Rochester German Ins. Co. 79 Conn. 388, 397, 65 Atl. 134, 8 Ann. Cas. 298; Frazer v. Bigelow Carpet Co. 141 Mass. 126, 4 N. E. 620; Faber v. New York, 222 N. Y. 255, 262, 118 N. E. 609; De la Rama v. De la Rama, 241 U. S. 154, 159, 160, 60 L. ed. 932, 934, 36 Sup. Ct. Rep. 518, Ann. Cas. 1917 C, 411; The Paquete Habana (United States v. The Paquete Habana) 189 U. S. 453, 467, 47 L. ed. 901, 904, 23 Sup. Ct. Rep. 593; Eddy v. Lafayette, 163 U. S. 456, 467, 41 L. ed. 225, 229, 16 Sup. Ct. Rep. 1083; Demotte v. Whybrow, 263 Fed. 366, 368."

See also *Starr Piano Co.* v. *Auto Pneumatic Co.*, 12 F. (2nd) 586 and cases there cited.

As was said in *Phelps* v. *United States*, *supra*:

"Section 177 [of the Judicial Code] provides that no interest shall be allowed on any claim up to the time of the rendition of judgment unless upon a contract expressly stipulating for its payment. Under the 5th Amendment plaintiffs were entitled to just compensation; and, within the meaning of § 145, [of the Judicial Code] the claim is one founded on the Constitution. • • • Plaintiff's property was taken before its value was ascertained or paid. Judgment in 1926 for the value of the use of the property in 1918 and 1919, without more, is not sufficient to constitute just compensation. Section 177 does not prohibit the inclusion of the additional amount for which petitioner contends. It is not a claim for interest within the purpose or intention of that section. Acts of Congress are to be construed and applied in harmony with and not to thwart the purpose of the Constitution. The government's obligation is to put the owners in as good position pecuniarily as if the use of their property had not been taken. They are entitled to have the full equivalent of the value of such use at the time of the taking paid contemporaneously with the taking. As such payment has not been made,

petitioner is entitled to the additional amount claimed. Seaboard Air Line R. Co. *v.* United States, supra, 304 [67 L. ed. 669, 43 Sup. Ct. Rep. 354]; Brooks-Scanlon Corp. v. United States, 265 U. S. 106, 123, 68 L. ed. 934, 941, 44 Sup. Ct. Rep. 471; Liggett & M. Tobacco Co. *v.* United States, ——— U. S. ———, ante, 656, 47 Sup. Ct. Rep. ———.

"Judgment reversed."

In *Brooks-Scanlon Corp. v. United States, supra*, this Court said:

"It is settled by the decisions of this court that just compensation is the value of the property taken at the time of the taking. L. Vogelstein & Co. *v.* United States, 262 U. S. 337, 340, 67 L. ed. 1012, 1014, 43 Sup. Ct. Rep. 564; United States *v.* New River Collieries Co. 262 U. S. 341, 344, 67 L. Ed. 1014, 1017, 43 Sup. Ct. Rep. 565; Seaboard Air Line R. Co. *v.* United States, 261 U. S. 299, 306, 67 L. ed. 664, 669, 43 Sup. Ct. Rep. 354; Monongahela Nav. Co. *v.* United States, 148 U. S. 312, 341, 37 L. ed. 463, 473, 13 Sup. Ct. Rep. 622. And, if the taking precedes the payment of compensation, the owner is entitled to such addition to the value at the time of the taking as will produce the full equivalent of such value paid contemporaneously. Interest at a proper rate is a good measure of the amount to be added. Seaboard Air Line R. Co. *v.* United States, 261 U. S. 299, 306, 67 L. ed. 664, 669, 43 Sup. Ct. Rep. 354; United States *v.* Benedict, 261 U. S. 294, 298, 67 L. ed. 662, 664, 43 Sup. Ct. Rep. 357; United States *v.* Brown, decided November 12, 1923, 263 U. S. 78, ante, 171, 44 Sup. Ct. Rep. 92."

In *United States v. Benedict, supra*, this Court said:

"The United States object to the judgment because interest was allowed from date of taking. This point has been discussed and determined in Seaboard Air Line R. Co. *v.* United States, decided today [261 U. S. 299, *infra*, p. 39, 43 Sup. Ct. Rep. 354], and needs no further elaboration."

In *Seaboard Air Line Ry. Co. v. United States*, 261 U. S. 299, this Court had said:

"The addition of interest allowed by the District Court is necessary in order that the owner shall not suffer loss and shall have 'just compensation' to which he is entitled."

See also *United States v. Sargent*, 162 Fed. 81, 84.

The savings of the contractors and of the United States (in the cost of metal in the original installations) of $103,480 made and realized by them January 1, 1919, being recoverable as an equivalent or a substitute for legal damages under the rule of *Tilghman* v. *Proctor* (*supra*, pp. 30, 31), an additional sum equal to interest on $103,480 at the proper legal rates from that date would seem, under the analogy of the "just compensation" cases cited above, to be also recoverable under the rule of *Tilghman* v. *Proctor* being

> "the same rule that courts of equity apply to the case of a trustee who has wrongfully used the trust property for his own advantage."

This additional sum equal to interest from January 1, 1919, is, we submit, a part of the

> "reasonable and entire compensation"

recoverable by the Petitioner from the United States under the Act of 1918, for the manufacture of the infringing cargo beams by the contractors for the United States and the use of those beams by the United States.

V. Finding of established license fee for those who took a license to use under the patent.

The Court of Claims found (R. 21, III):

> "The fair license value on a royalty basis is the sum of twenty ($20) dollars a cargo beam, amounting in this case to the sum of sixteen thousand two hundred ($16,200) dollars."

Under familiar law this sum is recoverable by the owner of the patent as damage suffered by him by reason of the infringement, so that Petitioner is entitled to recover at least this sum here, quite irrespective of U. S. R. S. 3477, seeing that the United States has used the infringing cargo beams since March 7, 1921.

But where the defendant's gains, savings and advantages made by the infringements are also proved and are found by the court below, as they are here, and they are the larger sum of the two, as they are here, the plaintiff may elect the larger sum and the Petitioner so elects here.

Tilghman v. *Proctor*, 125 U. S. 136;
Robinson on Patents, Vol. 3, p. 528, § 1154.

The United States had an opportunity to take a license under the patent in suit but elected to defy the patent and in that election it took the risk of the patent being held valid and infringed and it itself held responsible for all its gains, savings and advantages accruing to it by reason of its infringements.

As we have shown, the gains, savings and advantages for which the United States is liable amount to $103,480 plus a sum equal to interest as above set out.

VI. Conclusion.

We believe this case far transcends the interests of the immediate parties. It is important for patent owners to know what law governs the assignability of their property where the United States has been or may be an infringer. It is important for those manufacturing or using patented property for the United States to know what the extent of their immunity from liability and from suit is and what law governs it. It is important for the United States to know what liability the Act of 1918 really imposes upon it with respect to those who manufacture or use patented property for it. It is important to the proper functioning of government departments, especially in the event of war, to know what the Act of 1918 really means and whether it actually achieves the ends sought by it.

In conclusion it is submitted that the decree of the Court of Claims be reversed and that the court be directed to enter a decree for Petitioner holding the Melchior Lenke Letters Patent No. 1,228,120, for Cargo Beams, valid and infringed, and awarding judgment against the United States for $103,480 plus an additional sum equal to interest on $103,480 from January 1, 1919, to the date of entry of final decree.

Respectfully,

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Appendix.

U. S. C. Title 35, Sec. 68, (Act of June 25, 1910, c. 423, 36 Stat. 851; U. S. Comp. Stat. Sec. 9465).

"*An Act to Provide Additional Protection for Owners of Patents of the United States, and for Other Purposes.*

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that whenever an invention described in and covered by a patent of the United States shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the Court of Claims: *Provided, however*, that said Court of Claims shall not entertain a suit or reward (sic) compensation under the provisions of this act where the claim for compensation is based on the use by the United States of any article heretofore owned, leased, used by, or in the possession of the United States: *Provided further*, that in any such suit the United States may avail itself of any and all defenses, general or special, which might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise: *And provided further*, that the benefits of this act shall not inure to any patentee, who, when he makes such claim is in the employment or service of the Government of the United States; or the assignee of any such patentee; nor shall this act apply to any device discovered or invented by such employe during the time of his employment or service."

U. S. C. Title 35, Sec. 68. (Act of June 25, 1910, c. 423, 36 Stat. 851, amended July 1, 1918, c. 114, 40 Stat. 705; U. S. Comp. Stat. Sec. 9465).

"Whenever an invention described in and covered by a patent of the United States shall hereafter be used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, such owner's remedy shall be by suit against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture: *Provided, however*, That said Court of Claims shall not entertain a suit or award compensation under the provisions of this act where the claim for compensation is based on the use or manufacture by or for the United States of any article heretofore owned, leased, used by, or in the possession of the United States: *Provided further*, That in any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise: *And provided further*, That the benefits of this act shall not inure to any patentee who, when he makes such claim, is in the employment or service of the Government of the United States or the assignee of any such patentee; nor shall this act apply to any device discovered or invented by such employee during the time of his employment or service."

U. S. C. Title 31, Sec. 203, (May 27, 1908, c. 206, 35 Stat. 411; U. S. R. S. Sec. 3477; U. S. Comp. Stat. Sec. 6383).

"All transfers and assignments made of any claim upon the United States, or of any part or share thereof, or interest therein, whether absolute or conditional, and whatever may be the consideration therefor, and all powers of attorney, orders, or other authorities for receiving payment of any such claim, or of any part or share thereof, shall be

absolutely null and void, unless they are freely made and executed in the presence of at least two attesting witnesses, after the allowance of such a claim, the ascertainment of the amount due, and the issuing of a warrant for the payment thereof. Such transfers, assignments, and powers of attorney, must recite the warrant of payment, and must be acknowledged by the person making them, before an officer having authority to take acknowledgments of deeds, and shall be certified by the officer; and it must appear by the certificate that the officer, at the time of the acknowledgment, read and fully explained the transfer, assignment, or warrant of attorney to the person acknowledging the same."

U. S. C. Title 35, Sec. 47, (Mar. 3, 1897, c. 391, § 5, 29 Stat. 692; Feb. 18, 1922, c. 58, § 6, 42 Stat. 391; U. S. R. S. 4898; U. S. Comp. Stat. Sec. 9444).

"Every patent or any interest therein shall be assignable in law by an instrument in writing, and the patentee or his assigns or legal representatives may in like manner grant and convey an exclusive right under his patent to the whole or any specified part of the United States. An assignment, grant, or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice unless it is recorded in the Patent Office within three months from the date thereof or prior to such subsequent purchase or mortgage.

"If any such assignment, grant, or conveyance of any patent shall be acknowledged before any notary public of the several States or Territories or the District of Columbia, or any commissioner of any court of the United States for any District or Territory, or before any secretary of legation or consular officer authorized to administer oaths or perform notarial acts under section 1750 of the Revised Statutes, the certificate of such acknowledgment, under the hand and official seal of such notary or other officer, shall be *prima facie* evidence of the execution of such assignment, grant, or conveyance."

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In the Supreme Court of the United States

OCTOBER TERM, 1926

No. 540

RICHMOND SCREW ANCHOR CO., INC., PETITIONER

v.

THE UNITED STATES

ON PETITION FOR A WRIT OF CERTIORARI TO THE COURT OF CLAIMS

BRIEF FOR THE UNITED STATES IN OPPOSITION

OPINION BELOW

An opinion (R. 13) by the Court of Claims, holding that the patent involved was valid and that the invention covered thereby had been used by the United States, was rendered on June 4, 1923, and is reported in 58 Ct. Cls. 433. It was thereupon ordered that the case be remanded to the general docket for further proceedings to determine the damages. (R. 19.) On December 7, 1925, additional findings of fact were made (R. 20) and another opinion entered (R. 22), which has not yet been reported, in which the former judgment of the Court of Claims as expressed in its conclusion of law was set aside and a new judgment entered dismissing the petition. (R. 24, 25.)

JURISDICTION

The judgment of the Court of Claims dismissing the petition to review which this writ of certiorari is requested was entered on December 7, 1925. (R. 25.) A motion for additional findings of fact was entertained and overruled on May 3, 1926. (R. 25.) The petition for writ of certiorari was filed July 30, 1926. (R. 26.) Jurisdiction to issue the writ is conferred by Section 3 (b) of the Act of February 13, 1925. (Chap. 229, 43 Stat. 936.)

STATEMENT

This is a suit under the Act of June 25, 1910 (Chap. 423, 36 Stat. 851), as amended by the Act of July 1, 1918 (Chap. 114, 40 Stat. 704, 705), to recover compensation from the United States for the alleged unauthorized and illegal manufacture and use of cargo beams of a type covered by United States Letters Patent No. 1,228,120, granted May 29, 1917, to Melchior Lenke.

The Court of Claims in the findings of fact entered on June 4, 1923, found said letters patent were issued to Lenke on May 29, 1917. (R. 10, 11.) On December 31, 1918, attorneys representing Lenke wrote to officers of the Quartermaster Corps of the Army, stating that Lenke's patent was being used by the Government at the Brooklyn Army Supply Base without permission of the patentee. The officers of the Army replied, neither admitting nor denying such alleged use. (R. 12.) The court

further found that "during and since the year 1918 cargo beams of the kind and character" covered by said letters patent "have been in use by the United States at its Army base at Brooklyn, N. Y.," without any authorization by or compensation to the petitioner or other owner of said letters patent. (R. 12, 13.) The Court of Claims thereupon rendered an opinion holding that the beams installed by the Government were covered by said letters patent, and remanded the case to the general docket for the purpose of further proceedings to ascertain the amount of the damages, if any. (R. 13, 19.)

The conclusion of law upon such findings of fact was that the petitioner was entitled to recover, the amount thereof to be later determined. (R. 13.) On December 7, 1925, the Court of Claims set aside its former conclusion of law and judgment and ordered that the petition in this case be dismissed. (R. 20.) Additional findings of fact were rendered. These findings show that the United States installed on or before January 1, 1919, 810 cargo beams covered by the Lenke patent. (R. 21.)

> Since January 1, 1919, the evidence establishes that no additional beams of the Lenke type have been installed or used by the United States. (R. 21.)

The court found the fair license value on a royalty basis was $20 per cargo beam, or a total of

$16,200. (R. 21.) The installation of the beam covered by the patent resulted in a saving of 2,000 lbs. of metal per beam, which, at 6½ cents per pound, the market value for such metal, amounted to a saving of $103,480. (R. 21.)

> The single advantage which the United States gained by the use of the beams was the saving in cost of the same and the convenience resulting from their novelty. (R. 22.)

The beams were used for Government purposes only, and were not sold for a profit. (R. 21, 22.)

> There is no proof in the record as to any other saving or advantage to the United States. (R. 22.)

The original findings show that letters patent were granted to Lenke on May 29, 1917. (R. 10.) They were assigned by Lenke to Thomas E. Chappell on September 29, 1920, and on March 7, 1921, were assigned by Chappell to petitioner. (R. 12.) Each of said assignments contained a provision that the assignee should have

> all rights of action for past infringements of said patent, and all rights to recoveries for damages, profits, and royalties for said infringements of every kind whatsoever. (R. 12.)

The Court of Claims held that as all of the beams had been installed on or before January 1, 1919, long before petitioner owned any interest in the patent, petitioner had no right to maintain this

suit, and that any attempt to assign the claim resulting against the United States because of such alleged wrongful installation of these beams was absolutely null and void under the provisions of Section 3477 of the Revised Statutes of the United States.

THE STATUTES

The pertinent portions of the Act of June 25, 1910 (Chap. 423, 36 Stat. 851), are as follows:

> That whenever an invention described in and covered by a patent of the United States shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the Court of Claims: * * * *Provided further*, That in any such suit the United States may avail itself of any and all defenses, general or special, which might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise * * *.

The pertinent portions of the Act of July 1, 1918 (Chap. 114, 40 Stat. 704, 705), amending the Act of June 25, 1910, are as follows:

> "That whenever an invention described in and covered by a patent of the United States shall hereafter be used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, such owner's remedy shall be by suit against the United States

> in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture: * * * *Provided further*, That in any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by a defendant in an action for infringement as set forth in Title Sixty of the Revised Statutes, or otherwise * * *.

The pertinent portions of Sec. 3477, Revised Statutes, are as follows:

> All transfers and assignments made of any claim upon the United States, or of any part or share thereof, or interest therein, whether absolute or conditional, and whatever may be the consideration therefor, and all powers of attorney, orders, or other authorities for receiving payment of any such claim, or of any part or share thereof, shall be absolutely null and void, unless they are freely made and executed in the presence of at least two attesting witnesses, after the allowance of such a claim, the ascertainment of the amount due, and the issuing of a warrant for the payment thereof. * * *

ARGUMENT

As heretofore stated, the Court of Claims held that while 810 beams installed by or for the United States were covered by the Lenke patent, all of the installations of such beams were made prior to January 1, 1919. The court found that "the single advantage which the United States gained by the use of the beams was the saving in cost of

the same and the convenience resulting from their novelty " (R. 22), and that " there is no proof in the record as to any other saving or advantage to the United States" (R. 22).

Finding IV of the amended findings by the Court (R. 21) shows the saving to the United States as the result of the use of this invention, and shows that such saving was limited to the cost of the construction thereof. The saving resulted in a lighter-weight beam than that required without the use of the invention covered by the patent. (R. 21.) Therefore, if there is any liability upon the part of the Government for the use of this invention shown by the findings of fact in this case, that liability was to the owner of the patent prior to January 1, 1919, the date before which the court finds 810 beams were installed by and for the Government.

The findings clearly show that Lenke was the owner of the patent at that time. It was not until on September 29, 1920, that he assigned the patent to Chappell, and the petitioner never gained any interest in the patent until March 7, 1921 (R. 12), and this suit was brought on May 23, 1921 (R. 6), only a little over two months after the petitioner obtained any interest in this patent. The assignments of the patent attempted to transfer the right to the assignee to sue in his own name for past infringements, etc. (R. 12.) Any claims which either Lenke or Chappell had in that respect were

certainly unliquidated claims against the Government, and Sec. 3477, Rev. Stat., specifically declares all such assignments to be null and void. Therefore any attempts to make such an assignment of any right which Lenke or Chappell may have had were wholly futile, and vested no rights whatsoever in the petitioner.

The facts as found by the Court of Claims, together with the special provisions of Sec. 3477, would seem to be all that is necessary upon this point. However, this Court, in the case of *Brothers* v. *United States*, 250 U. S. 88, 89, has expressly applied Sec. 3477 to a claim under the Act of June 25, 1910, and held there that there could be no assignment of such an unliquidated claim against the Government.

Petitioner herein contends, however, that the use of these beams during the time it was the owner of the patent in question gave to petitioner a right of action because of such use. The original findings of fact in this case state that during and since the year 1918 beams of the kind and character covered by the Lenke patent have been in use by the Government. (R. 12, 13.) The additional findings of fact show that all of these beams were installed on or before January 1, 1919, and that "since January 1, 1919, the evidence establishes that no additional beams of the Lenke type have been installed or used by the United States." (R. 21.) The findings also show that the only advan-

tage that the United States gained in the use of this beam was in the saving at the time of its installation. The fair license value on a royalty basis is found at $20 per beam, but this is shown to be because of the saving at the time of the installation. (R. 21.)

> There is no proof in the record as to any other saving or advantage to the United States. (R. 22.)

The number of beams, if any, used during the period of ownership by petitioner is not shown. The value of the use, if any, of such beams by the United States during the period of ownership by petitioner of said patent is not shown, and, on the contrary, the findings show that the sole saving to the United States and the sole value of the use of this patent resulted in the saving of cost at the time of the installation. Therefore for the period of time during which petitioner owned this patent there is no use proven by the United States of such invention, nor is there value of such use, if any, proven. On the contrary, it is shown that such use would have been of no value, as the value of the use of the invention occurred when the beams were installed.

As to the use prior to petitioner's ownership, as heretofore pointed out, petitioner did not then own the patent, and because of Sec. 3477 could not gain a right to such an alleged claim against the United States by assignment. Therefore petitioner should not and did not recover.

Petitioner, however, further contends that because the amendment of the Act of June 25, 1910, by the Act of July 1, 1918, makes the United States liable for claims for the use of an invention by a manufacturer for the United States, and that as the claim for infringement against the manufacturer could be assigned, therefore Sec. 3477, prohibiting the assignment of claims against the United States, has no application to claims against the United States under the Act of June 25, 1910, as amended by the Act of July 1, 1918. This theory is rather unusual, and if it amounts to anything, it is merely an argument that by implication Sec. 3477 of the Revised Statutes, in so far as applicable to patent claims, was repealed by the Act of June 25, 1910, as amended by the Act of July 1, 1918. The Court of Claims did find that

> the United States installed the Lenke beams by contract with third parties. (R. 21.)

Let us assume that this, therefore, means, as provided in the Act of July 1, 1918, that the invention of this patent was used or manufactured for the United States by contractors, and that under such statute the United States was liable for the value of such use, thus bringing the case squarely within the hypothesis which petitioner assumes. Still, we submit that that does not justify the assertion that Sec. 3477 of the Revised Statutes has no application to such a claim. The mere fact that had the claim been against a private party the same

could have been assigned does not bring about such a result. There is nothing in these Acts indicating any intention upon the part of Congress to permit the assignment of such claims against the Government. The owner of the claim is not deprived of any remedy by these statutes, and it is a long well-settled rule that repeals by implication are not favored and will not result unless clearly indicated and necessary to carry out the legislative intent. Such a repeal is neither indicated nor necessary. On the contrary, the Act of July 1, 1918, provides that whenever an invention is used or manufactured by or for the United States " without license of the *owner thereof* * * * such *owner's* remedy shall be by suit against the United States in the Court of Claims." (Italics ours.) This does not indicate any intention to permit a suit by an assignee in violation of Sec. 3477 of the Revised Statutes. And it is only reasonable to say that by the use of the word " owner " in this Act Congress meant the owner at the time the alleged use occurred. Sec. 3477 has been upon the statute books for many years, and has been an unbroken rule in Government transactions during such time. Congress may be presumed to have used the word "owner" in the Acts of 1910 and 1918 with this statutory rule concerning Government transactions clearly in mind.

This Court in the case of *Brothers* v. *United States*, 250 U. S. 88, held that because of Sec. 3477

no assignment of claims under the Act of 1910 could be made. There is no such difference between the Acts of 1918 and 1910 as to justify a different rule.

Petitioner urges, among other matters which it is felt need not be discussed, as they almost answer themselves, that since the assignments of the patent expressly included the right to sue for past infringement, Sec. 3477 of the Revised Statutes had no application. It would be unusual if third parties by a written agreement could avoid the express prohibition of a statute made for the protection of the Government.

CONCLUSION

For the reasons above stated, it is respectfully submitted that the conclusions and decision by the Court of Claims were correct and that this case presents no question which should be reviewed by this Court under its power to grant a writ of certiorari.

Respectfully submitted.

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SEPTEMBER, 1926.

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Supreme Court of the United States.

OCTOBER TERM, 1926.

No. [redacted] 99

RICHMOND SCREW ANCHOR CO., INC., Petitioner,

v.

THE UNITED STATES.

ON PETITION FOR A WRIT OF CERTIORARI TO THE COURT OF CLAIMS.

REPLY TO BRIEF FOR THE UNITED STATES IN OPPOSITION.

Brief for the United States in discussing the use of infringing beams by the United States during the time petitioner was owner of the patent, that is to say, after March 7, 1921 (R. 12) says (p. 8):

> "The findings also show that the only advantage that the United States gained in the use of this beam was in the saving at the time of its installation."

On the contrary the finding in question was (R. 22):

> "The single advantage which the United States gained by the use of the beams was the saving in cost of the same *and the convenience resulting from their novelty.*" (Italics ours.)

This "convenience" in use resulting from the novelty of the structure is set out in the first opinion of the Court of Claims (R. 14-16) and in the Lenke patent, Exhibit A.

The advantage resulting from this convenience in use was enjoyed by the United States during the entire period of the petitioner's ownership of the patent and for this compensation should be made as provided in the statute.

Moreover, as the United States saved $103,480. in the installation of the infringing beams there was an additional saving to the United States during each year of the petitioner's ownership of the patent of interest on that amount, to wit, several thousand dollars per year and for this also compensation should be made.

Brief for the United States says (p. 9):

> "The fair license value on a royalty basis is found at $20 per beam, *but this is shown to be because of the saving at the time of the installation* (R. 21)." (Italics ours.)

The italicized part of the statement is not correct. There is nothing in the findings or in the record to justify it.

Brief for the United States says (p. 9) that there is no proof of use by the United States during the period of petitioner's ownership of the patent or proof of the value of any such use.

This is error.

The Court of Claims (R. 12 and 13) in its findings of fact entered June 4, 1923, found:

"VIII

> "During *and since the year 1918* cargo beams of the kind and character illustrated and described in the drawings and specifications of the said Lenke letters patent, and claimed in the claims of said letters patent, *have been* in use by the United States at its Army base at Brooklyn, N. Y., without", etc. (Italics ours.)

As indicated above the Court of Claims found convenience and advantage and value in that use.

As to petitioner's right to compensation from the United States for the damage done to the petitioner and the profits realized by the contractor by his installation of the infringing beams for the United States without license, and the effect of Section 3477 U. S. R. S. and of the Act of July 1, 1918, upon that right, Brief for the United States admits that the question so raised is "rather unusual" (p. 10) and cites no authority *pro* or *con*.

Respectfully submitted,

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Dated New York, Sept. 30th, 1926.